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**TO:** Members of the State Board of Education

**FROM:** Karen B. Salmon, Ph.D.

**DATE:** June 28, 2016

**SUBJECT:** Code of Maryland Regulations (COMAR) 13A.05.08 Approved Paid Work Based Learning Programs  
**REPEAL**

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**PURPOSE:**

The purpose of this item is to request that the State Board repeal COMAR 13A.05.08 Approved Paid Work-Based Learning Programs.

**BACKGROUND/HISTORICAL PERSPECTIVE:**

The Approved Paid Work-Based Learning Programs law and subsequent regulations were established as a tax credit for employers who hired students in approved paid work-based learning programs. The tax credit was allowed for taxable years beginning after December 31, 2008, and before December 31, 2012.

**EXECUTIVE SUMMARY:**

The existing regulations that govern the Approved Paid Work-Based Learning Programs are no longer needed. On June 30, 2013, the law sunset and therefore these regulations are no longer needed.

**ACTION:**

I am requesting that the State Board grant permission to repeal the entire Chapter because the law has sunset. The tax credit is no longer available to employers who hire students in approved work-based learning programs.

Attachment

**Title 13A STATE BOARD OF EDUCATION**

**Subtitle 05 SPECIAL INSTRUCTIONAL PROGRAMS**

**Chapter 08 Approved Paid Work-Based Learning Programs**

**Authority: Education Article, §21-501, Annotated Code of Maryland**

**[.01 Scope.**

This chapter implements Education Article, §21-501, Annotated Code of Maryland, which establishes a tax credit for businesses that employ work-based learning program students.

**.02 Definitions.**

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Department" means the Maryland State Department of Education.

(2) "Eligible party" means:

(a) An employer;

(b) A group of employers;

(c) An industry trade association;

(d) A labor organization;

(e) An operator of a registered apprenticeship program; or

(f) Any other entity that the Department approves to establish a paid work-based learning program under this chapter.

(3) "Established safety standards" means all federal, State, and local safety standards.

(4) "Local workforce investment board (LWIB)" means a board as defined by 29 U.S.C. §2832.

(5) "Multicraft construction site" means a construction site where more than one construction trade operation is taking place at the same time.

(6) "Student" has the meaning stated in Education Article, §21-501(a), Annotated Code of Maryland.

(7) "Work-based learning agreement" means the agreement which sets forth the approved paid work-based learning program for students and includes:

- (a) A description of the knowledge and skills to be developed;
- (b) A description of the methodology to be used;
- (c) A description of the criteria for monitoring, assessing, and credentialing; and
- (d) Evidence of approval of appropriate school personnel.

(8) "Work-based learning coordinator" means the individual at a school who oversees the work-based learning programs for students.

(9) "Work-based learning program" means a program which provides for approved paid work-based learning arrangements between employers and schools with structured employer-supervised learning for students, in which:

- (a) The structured employer-supervised learning:
  - (i) Occurs in the workplace in conformance with established safety standards,
  - (ii) Integrates classroom instruction and work to result in the acquisition of at least one unit of academic credit, and
  - (iii) Links employment to each student's career interest; and
- (b) The program:
  - (i) Provides approved paid work-based learning experiences for students that are consistent with the strategic economic development goals established for the State which include careers in consumer service, hospitality, and tourism; business management and finance; manufacturing, engineering technology; environmental, agricultural, and natural resources; health and biosciences; arts, media, and communication; transportation technologies; human resource services; construction and development, and
  - (ii) Strives to achieve geographic representation of students participating in paid work-based learning experiences.

### **.03 Approval for Work-Based Learning Program Tax Credit.**

A. An eligible party may establish a paid work-based learning program for students, as described in Regulation .02 of this chapter, that is consistent with current State and federal employment of minors laws and approved by the Department as provided under this chapter.

B. Certification by the LWIB.

(1) Certification Forms.

(a) A potential eligible party or a work-based learning coordinator shall submit to the LWIB information concerning the student and the employer on a work-based learning certification form provided by the LWIB.

(b) A copy of a completed work-based learning agreement shall be attached to the certification form.

(c) The certification form shall include a verification from the employer of the number of hours the student worked for the employer.

(2) LWIB Approval.

(a) The LWIB, or its designee, shall review the certification form and the work-based learning agreement.

(b) The LWIB shall approve the employer as an eligible party for purposes of the tax credit if:

(i) The LWIB determines that the employer meets the definition of an eligible party under Regulation .02B of this chapter; and

(ii) The work-based learning agreement meets the criteria of a work-based learning program under Regulation .02B of this chapter.

(c) The LWIB shall forward the certification form and work-based agreement to the Department for authorization.

C. Authorization by the Department.

(1) Upon receipt of a certification form and work-based training agreement from the LWIB, the Department shall authorize the employer as an eligible party for purposes of the tax credit.

(2) The Department shall return one copy of the authorized form to the LWIB and one copy to the eligible party.

(3) The eligible party shall keep the authorized form in its file as justification for including the tax credit on its tax return

13A.05.08.04

**.04 Amount of Credit.**

A. The wage credit shall equal 15 percent of wages paid to each student during the taxable year for which the work-based learning program was authorized.

B. Cumulative credit covers the current taxable year and all previous taxable years and may not exceed \$1,500 per student.

#### **.05 Calculation Carryover Credit.**

If the taxable credit exceeds the taxes owed for this taxable year, the excess may be carried over to the next taxable year as a credit until the earlier of:

- A. The entire amount of the excess credit is used; or
- B. The close of the 5th taxable year after the contribution was made.

#### **.06 Limitation on Claim of Credit by the Eligible Entity.**

- A. The tax credit is authorized only for the taxable years beginning on or before December 31, 2012.
- B. The eligible party may not claim the credit until it has notified the LWIB that a student participating in a work-based learning program has been hired.
- C. An eligible party may claim the credit even if the student's employment lasts less than 1 year, if the student is employed for a minimum of 200 hours during the taxable year.
- D. Not more than 1,000 work-based learning program students may be approved by the LWIBs during the course of each taxable year.
- E. An employer at a multicraft construction site may not qualify for the tax credit authorized under this chapter for more than two students during a single taxable year. ]